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Department of State **TELEGRAM**

SECRET

Corrected copy: Para 3, line 8,
word 3 reads region vice reason

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FM SEC KISSINGER ABOARD SAM86970
TO ZEN/USLO PEKIN IMMEDIATE NIACI
INFO RUEHC/SEC STATE/IMMEDIATE

Control: 9084Q
Recd: Oct 31, 1974
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BT

S E C R E T / N O D I S
E O 11652 GDS

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: CHINESE INQUIRIES - OIL PRMFCS

SEC TO 271 REF: PEKING 1893

FOR THE AMBASSADOR BUSH FROM THE SECRETARY

1. CHIAO KUAN-HUA'S INQUIRIES ON THE MIDDLE EAST/OIL PRICE SITUATION ARE VERY REVEALING. THEY DEMONSTRATE THAT, THEIR PUBLIC BACKING ON THE OIL WEAPON NOTWITHSTANDING, THE CHINESE ARE CLEARLY CONCERNED ABOUT THE IMPLICATIONS FOR THEM ON AN ECONOMIC UNRAVELLING OF THE US, EUROPE AND JAPAN. AND THE CONCOMITANT RISE IN RELATIVE SOVIET POWER. THEY ARE OBVIOUSLY ALSO WORRIED ABOUT A MIDDLE EAST IMPASSE AND A CONSEQUENT REVIVAL OF SOVIET INFLUENCE IN THE REGION.

2. IF CHIAO RAISES THESE SUBJECTS AGAIN, YOU SHOULD MAKE CLEAR THAT I WILL BE PREPARED TO GO INTO THEM IN DEPTH DURING MY FORTHCOMING VISIT.

3. ON THE MIDDLE EAST YOU CAN TELL HIM THAT WE HAVE NOT YET RECEIVED A FULL ACCOUNTING OF THE IMPLICATIONS OF THE ARAB SUMMIT, THROUGH IT WOULD APPEAR THAT IT HAS COMPLICATED OUR EFFORTS. NEVERTHELESS, WE REMAIN DETERMINED TO PRESS AHEAD FOR A PEACEFUL SETTLEMENT FOR ALL REASONS WE HAVE DISCUSSED WITH THE CHINESE. YOU MAY CONFIRM FOR HIM CONFIDENTIALLY THAT I WILL BE GOING TO THE REGION NOVEMBER 6-9 TO DIGEST THE RESULTS OF RABAT AND PLAN NEXT STEPS.

4. ON OIL OUR BASIC STANCE HAS BEEN CLEARLY LAID OUT IN MY RECENT SPEECHES AT THE UN AND ELSEWHERE. AS YOU AND CHIAO DISCUSSED, THE HARDEST HIT ARE NATIONS IN AFRICA AND SOUTH ASIA WHO CAN LEAST AFFORD IT. OIL PRICES WILL HAVE TO COME DOWN AT SOME POINT OR THERE WILL BE SERIOUS CONSEQUENCES THAT WILL BE IN NO ONE'S INTEREST. THE PRESENT SITUATION FAVORS THE RUSSIANS THE MOST. WE PLAN TO TAKE SERIOUS CONSERVATION MEASURES AT HOME AND ARE WORKING WITH OTHER CONSUMERS ON CONSERVATION, NEW SOURCES OF OIL AND ENERGY, AND FINANCIAL MECHANISMS. WE LOOK FORWARD TO A COOPERATIVE SOLUTION WITH THE PRODUCERS AS CHIAO WISHES, THOUGH

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- WE THINK THE FRENCH INITIATIVE IS PREMATURE. PP
5. RE YOUR DISCUSSION WITH THE AUSTRALIAN AMBASSADOR REPORTED IN EARLIER MESSAGE, I ASSUME YOU REALIZE THAT YOU SHOULD NOT ENCOURAGE ANY INTERMEDIARY ROLE BY ANYONE THERE ON CAMBODIA.
6. PLEASE SLUG AS SECRET/NOCIS REPORTS OF CONVERSATIONS SUCH AS THE ONE YOU HAD WITH CHAIQ.

KISSINGER

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